



CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Douglas Holtz-Eakin, Director

March 24, 2004

Honorable Max Baucus
Ranking Democratic Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Senator:

As you requested, the Congressional Budget Office has reviewed the Wyden amendment to S. 1637 (SA 2916) that would add two titles dealing with Trade Adjustment Assistance (TAA) and the associated credit for health insurance costs. CBO estimates that enacting this amendment would increase the deficit by \$51 million in 2004 and by about \$5.3 billion over the 2004-2014 period. Those estimates are detailed in the attached table.

The proposed amendment would add a new title dealing with TAA programs to S. 1637, the Jumpstart Our Business Strength Act. This new title would amend TAA for workers to include workers in the service sector. In addition, the amendment would change the eligibility criteria for TAA for workers in some areas, as well as double the existing cap on training benefits to \$440 million annually. The eligibility changes would be retroactive to November 4, 2002. In addition, the amendment would lower the age for eligibility to participate in alternative TAA (a temporary wage subsidy program that ends in 2008) from 50 to 40. CBO estimates that these provisions would increase outlays by \$25 million in 2004 and by \$3.8 billion from 2004 through 2014. These costs do not include the increase in costs of the health care costs credit that would be associated with adding service workers to the TAA population. Those health-related costs are estimated by the Joint Committee on Taxation (JCT), and are discussed below.

The Joint Committee on Taxation provided estimates for a separate title relating to the credit for health insurance costs for eligible individuals. The amendment would increase the tax credit that could be received by eligible

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individuals from 65 percent to 75 percent. JCT estimates that these costs would increase outlays by \$16 million in 2004 and by \$0.9 billion over the 2004-2014 period. In addition, JCT estimates that these provisions would reduce revenues by \$590 million from 2004-2014.

CBO has not yet completed an estimate of the amendment's effects on spending subject to appropriation.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Christina Hawley Sadoti.

Sincerely,

Douglas Holtz-Eakin
Director

Attachment

cc: Honorable Charles E. Grassley
Chairman

Honorable Ron Wyden

Honorable Norm Coleman

ESTIMATED EFFECTS OF PROPOSED AMENDMENT (SA 2916) TO S. 1637 ON DIRECT SPENDING AND REVENUES

		By Fiscal Year, in Millions of Dollars										
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
CHANGES IN DIRECT SPENDING												
Trade Adjustment Assistance (TAA) for Workers												
Addition of Service Workers												
Estimated Budget Authority		40	195	190	205	220	235	255	275	300	320	345
Estimated Outlays		20	105	185	200	210	225	245	265	285	305	330
Change in Eligibility Criteria												
Estimated Budget Authority		10	25	25	30	30	30	30	30	30	30	30
Estimated Outlays		5	15	25	25	25	30	30	30	30	30	30
Increase in Cap on Training												
Estimated Budget Authority		0	40	50	50	60	65	70	75	80	85	95
Estimated Outlays		0	10	35	50	55	60	65	70	75	80	90
Administration, Job Search & Relocation, Alternative TAA												
Estimated Budget Authority		5	70	100	110	125	25	25	25	30	30	30
Estimated Outlays		*	25	60	95	110	100	55	25	30	30	30
TOTAL, TAA for Workers												
Estimated Budget Authority		50	330	365	390	435	355	380	405	440	465	500
Estimated Outlays		25	155	305	370	400	415	395	390	420	445	480
Credit for Health Insurance Costs of Eligible Individuals												
Estimated Budget Authority		16	54	68	84	91	94	97	99	102	107	112
Estimated Outlays		16	54	68	84	91	94	97	99	102	107	112
Total Changes in Direct Spending												
Estimated Budget Authority		66	384	433	474	526	449	477	504	542	572	612
Estimated Outlays		41	209	373	454	491	509	492	489	522	552	592

CHANGES IN REVENUES

Credit for Health Insurance Costs of Eligible Individuals	-10	-35	-44	-53	-58	-60	-62	-63	-65	-68	-72
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SOURCES: Congressional Budget Office and Joint Committee on Taxation.

NOTES: “*” indicates outlays of less than \$500,000.

Costs shown under the heading “Increase Cap on Training” include only the costs associated with raising the cap on training if no other changes were made to the TAA programs. Training costs associated with other provisions (adding service workers and changing the eligibility criteria) are displayed under those headings.
